



DAVISKELLY CERTIFIED
PUBLIC
ACCOUNTANTS
CREATING VALUE FROM NUMBERS

BERGEN PERFORMING ARTS CENTER, INC.



Financial Statements

For the Years Ended June 30, 2021 and 2020

*A Certified Women-Owned Business Enterprise
in the Commonwealth of Massachusetts and City of New York
4238 Washington Street, Suite 307, Boston, Massachusetts 02131
687 West 204th Street, New York, New York 10034
Member, American Institute of Certified Public Accountants
Member, Association of Fraud Examiners
www.daviskellycpas.com*

BERGEN PERFORMING ARTS CENTER, INC.

Financial Statements

For the Years Ended June 30, 2021 and 2020

Table of Contents

Independent Auditors' Report	1-2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4-5
Statements of Cash Flows	6
Statements of Functional Expenses	7-8
Notes to Financial Statements	9-18
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19-20



DAVISKELLY CERTIFIED
PUBLIC
ACCOUNTANTS
CREATING VALUE FROM NUMBERS

Independent Auditors' Report

To the Board of Trustees
Bergen Performing Arts Center, Inc.
Englewood, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of Bergen Performing Arts Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

*A Certified Women-Owned Business Enterprise
in the Commonwealth of Massachusetts and City of New York
4238 Washington Street, Suite 307, Boston, Massachusetts 02131
687 West 204th Street, New York, New York 10034
Member, American Institute of Certified Public Accountants
Member, Association of Fraud Examiners
www.daviskellycpas.com*

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bergen Performing Arts Center, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Bergen Performing Arts Center, Inc.'s 2020 financial statements, and our report dated March 24, 2021 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2022 on our consideration of Bergen Performing Arts Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bergen Performing Arts Center, Inc.'s internal control over financial reporting and compliance.

DavisKelly LLC

New York, New York
February 17, 2022

BERGEN PERFORMING ARTS CENTER, INC.*Statements of Financial Position**As of June 30, 2021 and 2020*

<i>Assets</i>	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 3,333,885	\$ 2,119,839
Investments	33,527	16,120
Accounts receivable, net	388,101	365,339
Pledges receivable, net	5,893,116	3,313,251
Prepaid expenses and other current assets	399,548	387,048
Financing fees, net	46,021	50,796
Property and equipment, net	3,131,595	3,099,242
<i>Total assets</i>	<u>\$ 13,225,793</u>	<u>\$ 9,351,635</u>
 <i>Liabilities and Net Assets</i>		
<i>Liabilities:</i>		
Accounts payable and accrued expenses	\$ 328,841	\$ 419,726
Note payable - government loan	715,710	529,265
Note payable - equipment term loan	115,246	115,246
Deferred revenue	1,188,916	1,230,521
Deferred revenue - government	2,464,774	-
Mortgages payable	2,862,386	2,862,386
<i>Total liabilities</i>	<u>7,675,873</u>	<u>5,157,144</u>
 <i>Net assets:</i>		
Net assets without donor restrictions	(440,303)	(1,272,896)
Net assets with donor restrictions	5,990,223	5,467,387
<i>Total net assets</i>	<u>5,549,920</u>	<u>4,194,491</u>
<i>Total liabilities and net assets</i>	<u>\$ 13,225,793</u>	<u>\$ 9,351,635</u>

BERGEN PERFORMING ARTS CENTER, INC.

Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2021

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
<i>Support and Revenue:</i>			
Support:			
Individual contributions	\$ 101,770	\$ 747,836	\$ 849,606
Corporate contributions	107,157	-	107,157
Foundation contributions	79,156	-	79,156
Government grants	1,476,702	-	1,476,702
Special events	487,642	-	487,642
Contributed goods and services	44,200	-	44,200
Net assets released from restrictions	225,000	(225,000)	-
<i>Total support</i>	2,521,627	522,836	3,044,463
Revenues:			
Performance revenues	145,438	-	145,438
Rental revenues	86,269	-	86,269
Education revenues	127,200	-	127,200
Advertising revenues	-	-	-
Investment activity, net	14,793	-	14,793
Concession stand income	-	-	-
Other income	-	-	-
<i>Total revenues</i>	373,700	-	373,700
<i>Total support and revenues</i>	2,895,327	522,836	3,418,163
<i>Expenses:</i>			
Program services	1,139,313	-	1,139,313
General and administration	521,569	-	521,569
Fundraising	401,852	-	401,852
<i>Total expenses</i>	2,062,734	-	2,062,734
<i>Change in net assets</i>	832,593	522,836	1,355,429
<i>Net Assets, beginning</i>	(1,272,896)	5,467,387	4,194,491
<i>Net Assets, ending</i>	\$ (440,303)	\$ 5,990,223	\$ 5,549,920

BERGEN PERFORMING ARTS CENTER, INC.

Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2020

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
<i>Support and Revenue:</i>			
Support:			
Individual contributions	\$ 220,157	\$ 137,334	\$ 357,491
Corporate contributions	305,350	-	305,350
Foundation contributions	568,085	450,000	1,018,085
Government grants	155,969	-	155,969
Special events	158,395	-	158,395
Contributed goods and services	2,370	-	2,370
Net assets released from restrictions	30,000	(30,000)	-
<i>Total support</i>	1,440,326	557,334	1,997,660
Revenues:			
Performance revenues	4,529,291	-	4,529,291
Rental revenues	120,507	-	120,507
Education revenues	577,517	-	577,517
Advertising revenues	108,230	-	108,230
Investment activity, net	(107,951)	-	(107,951)
Concession stand income	336,170	-	336,170
Other income	-	-	-
<i>Total revenues</i>	5,563,764	-	5,563,764
<i>Total support and revenues</i>	7,004,090	557,334	7,561,424
<i>Expenses:</i>			
Program services	6,246,102	-	6,246,102
General and administration	1,216,635	-	1,216,635
Fundraising	277,824	-	277,824
<i>Total expenses</i>	7,740,561	-	7,740,561
<i>Change in net assets</i>	(736,471)	557,334	(179,137)
<i>Net Assets, beginning</i>	(536,425)	4,910,053	4,373,628
<i>Net Assets, ending</i>	\$ (1,272,896)	\$ 5,467,387	\$ 4,194,491

BERGEN PERFORMING ARTS CENTER, INC.*Statements of Cash Flows**For the Years Ended June 30, 2021 and 2020*

	<u>2021</u>	<u>2020</u>
<i>Cash Flows from Operating Activities:</i>		
Change in net assets	\$ 1,355,429	\$ (179,137)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	130,696	130,696
Amortization of financing fees	4,775	4,775
Change in:		
Accounts receivable	(22,762)	205,920
Pledges receivable	(2,579,865)	271,237
Prepaid expenses and other current assets	(12,500)	(33,960)
Accounts payable and accrued expenses	(90,885)	250,161
Deferred revenue	(41,605)	14,230
Deferred revenue - government	2,464,774	-
	<hr/>	<hr/>
<i>Net cash used in operating activities</i>	1,208,057	663,922
<i>Cash Flows from Investing Activities:</i>		
Purchases/sales of investments	(17,407)	407,277
Purchases of property and equipment	(163,049)	(406,420)
	<hr/>	<hr/>
<i>Net cash used in investing activities</i>	(180,456)	857
<i>Cash Flows from Financing Activities:</i>		
Increase in long-term debt	196,913	529,265
Payments on long-term debt	(10,468)	(118,827)
	<hr/>	<hr/>
<i>Net cash provided by financing activities</i>	186,445	410,438
	<hr/>	<hr/>
<i>Net change in cash and cash equivalents</i>	1,214,046	1,075,217
<i>Cash and Cash Equivalents, beginning</i>	<hr/>	<hr/>
	2,119,839	1,044,622
<i>Cash and Cash Equivalents, ending</i>	<hr/>	<hr/>
	\$ 3,333,885	\$ 2,119,839

BERGEN PERFORMING ARTS CENTER, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2021

	<i>Program Services</i>	<i>General and Administration</i>	<i>Fundraising</i>	<i>Total</i>
Cost of performances	\$ 280,306	\$ -	\$ -	\$ 280,306
Salaries, benefits and related payroll taxes	346,525	362,276	78,756	787,557
Bad debt expense	7,130	-	189,868	196,998
Depreciation and amortization expenses	108,376	20,321	6,774	135,471
Utilities and telephone	96,070	18,013	6,004	120,087
Interest	93,464	17,525	5,842	116,831
Special events	-	-	103,764	103,764
Marketing and advertising	76,618	-	1,965	78,583
Professional fees	13,415	40,243	-	53,658
Insurance	41,675	7,814	2,605	52,094
Building maintenance	41,324	7,748	2,583	51,655
Contributed goods and services	-	26,750	-	26,750
Bank card fees	20,089	-	-	20,089
Travel and entertainment	2,819	5,640	2,820	11,279
Supplies	7,936	1,488	496	9,920
Equipment rentals	3,566	3,566	375	7,507
Licenses and permits	-	5,945	-	5,945
Dues and subscriptions	-	4,240	-	4,240
<i>Total expenses</i>	\$ 1,139,313	\$ 521,569	\$ 401,852	\$ 2,062,734

BERGEN PERFORMING ARTS CENTER, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2020

	<i>Program Services</i>	<i>General and Administration</i>	<i>Fundraising</i>	<i>Total</i>
Cost of performances	\$ 4,128,710	\$ -	\$ -	\$ 4,128,710
Salaries, benefits and related payroll taxes	1,034,324	1,081,339	235,074	2,350,737
Marketing and advertising	497,943	-	12,768	510,711
Depreciation and amortization expenses	108,377	20,321	6,774	135,472
Utilities and telephone	104,951	19,678	6,559	131,188
Interest	94,550	17,728	5,909	118,187
Bad debt expense	68,954	-	-	68,954
Building maintenance	45,136	8,463	2,821	56,420
Supplies	40,180	7,534	2,511	50,225
Bank card fees	49,605	-	-	49,605
Professional fees	11,814	35,442	-	47,256
Insurance	33,504	6,282	2,094	41,880
Commissions	22,500	-	-	22,500
Travel and entertainment	3,051	6,102	3,051	12,204
Dues and subscriptions	-	6,384	-	6,384
Equipment rentals	2,503	2,503	263	5,269
Licenses and permits	-	2,489	-	2,489
Contributed goods and services	-	2,370	-	2,370
<i>Total expenses</i>	<u>\$ 6,246,102</u>	<u>\$ 1,216,635</u>	<u>\$ 277,824</u>	<u>\$ 7,740,561</u>

BERGEN PERFORMING ARTS CENTER, INC.

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

Note 1. Nature of Organization

Bergen Performing Arts Center, Inc. (the Organization) is a not-for-profit organization incorporated under the laws of the State of New Jersey for the purpose of providing cultural, educational and social activities for the general public.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Financial Statement Presentation

The Organization has prepared these financial statements on the accrual basis of accounting and has adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 958, Not-for-Profit Entities, Section 205, Presentation of Financial Statements, and Section 605, Revenue Recognition. ASC Section 958-205 establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories according to externally (donor) imposed restrictions. ASC Section 958-605 requires that unconditional promises to give (pledges) be recorded as receivables and revenue. It also requires the Organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. A description of the two net asset categories follows:

Net assets without donor restrictions: Net assets available that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenue Recognition

Revenues are recognized as amounts are earned and are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations or temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

BERGEN PERFORMING ARTS CENTER, INC.

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

Note 2. Summary of Significant Accounting Policies (Continued)

Contributions

The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support and expenses during the reporting period. Actual results, as determined at a later date, may differ from those estimates.

Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and accordingly, no provision has been made for federal and state income taxes. The Organization remains subject to income taxes on net income that is derived from a trade or business, regularly carried on, and not for the exempt purpose of the Organization.

Concentrations of Credit Risk

The Organization maintains its cash and cash equivalent balances at financial institutions. The deposits may at times exceed the federally insured limits of \$250,000 established by the Federal Deposit Insurance Corporation. The Organization has not experienced any losses related to its accounts and believes it is not exposed to any significant credit risk.

The Organization maintains investments in brokerage accounts that are insured by the Security Investors Protection Corporation (SIPC) up to \$500,000 including \$250,000 on cash balances. The Organization has not experienced any losses related to these accounts and believes it is not exposed to any significant credit risk on these balances.

Deferred Revenue

The Organization recognizes revenues as earned. Amounts received in advance of the period in which service is rendered are recorded as a liability under deferred revenue.

BERGEN PERFORMING ARTS CENTER, INC.

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

Note 2. Summary of Significant Accounting Policies (Continued)

Cash Equivalents

Cash equivalents include money market funds and all other highly liquid short-term investments purchased with maturities of three months or less.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Investments

Investments are recorded at fair value. Gains and losses on market value adjustments are recognized for market fluctuations.

Property and Equipment

Property and equipment are stated at cost, or, if donated, at fair market value at date of receipt. Maintenance, repairs and minor renewals are expenses as incurred and major renewals are capitalized. Depreciation is computed when assets are placed in service, primarily on the straight-line method, over the following useful lives:

Building	40 years
Improvements	15 years
Equipment	3-7 years
Furniture and fixtures	7 years

The Organization reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, as well as the effects of obsolescence, demand, competition and other economic factors.

BERGEN PERFORMING ARTS CENTER, INC.

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

Note 2. Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of the programs and supporting services have been summarized on a functional basis in the statement of activities. All direct costs are charged to the functional area they pertain to. Indirect costs are charged to the program and supporting services based on estimates made by management, taking into account the nature of the expense and how it relates to the functional area. General and administrative costs include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

The allocated expenses including the following:

	<u>Method of Allocation</u>
Expense:	
Salaries and benefits	Time and effort
Occupancy	Head count
Office expenses	Head count
Depreciation	Estimated usage
Interest expense	Estimated usage

Government Grants

Government grants, which are awarded by agencies of the State, County and City governments for specified program activities, generally provide for reimbursement to the Organization for both direct and indirect expenditures. Such reimbursements are subject to subsequent reviews and renegotiations by the respective government agencies, and any changes in the amount of the reimbursements are recorded in the period when finally determined.

Contributed Goods and Services

The Organization records various types of in-kind support including contributed facilities and professional services. Contributed professional services are recognized if the services received: (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the financial statements as “contributed goods and services” are offset by amounts included in expenses or property and equipment.

Additionally, the Organization receives a significant amount of skilled, contributed time, which does not meet the recognition criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

BERGEN PERFORMING ARTS CENTER, INC.

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

Note 3. Special Events

The Organization holds an annual special event each year. The activity is as follows:

	<u>2021</u>		<u>2020</u>
Special event activity, Gala:			
Event revenue	\$ 487,642	\$	158,395
Event expenses	103,764		-
	<hr/>		<hr/>
<i>Net income from special event</i>	<i>\$ 383,878</i>	<i>\$</i>	<i>158,395</i>
	<hr/> <hr/>		<hr/> <hr/>

Note 4. Commitments

The Organization leases various kinds of office equipment with leases expiring through December 2021 at a monthly rate of \$551. The future minimum annual rental and lease commitments for the year ending June 30, 2022 is \$6,612.

Note 5. Deferred Revenue

Deferred revenue represents amounts received in advance for shows and performances that have not been performed, and government grants awarded but not collected through June 30, 2021 that consist of funds to allocated to the subsequent year. These total \$1,188,916, and \$2,464,774 for government, and \$1,230,521, and \$0 for government, as of June 30, 2021 and 2020 respectively.

Note 6. Net Assets with Donor Restrictions

Net assets with donor restrictions at year-end are restricted as to time for the year ending June 30, 2021. The balance for the years ended June 30, 2021 and 2020 are \$5,990,223 and \$5,467,387 respectively.

Note 7. Mortgage Payable

The Organization has two mortgages payable with initial balances of \$2,600,000 and \$800,000 respectively, payable monthly at rates of \$11,866 and \$3,846 respectively, including interest based on 30-year amortizations. The note for \$2,600,000 bears an interest rate of 3.675%. The note for \$800,000 bears an interest rate of 4%. The notes are due in June 2022 and October 2024 respectively, and are collateralized by the real property of the Organization. The balance of the debt at June 30, 2021 and 2020 is \$2,862,386 and \$2,862,386, respectively.

BERGEN PERFORMING ARTS CENTER, INC.

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

Note 7. Mortgage Payable (continued)

Maturities of future mortgage obligations for the next five years are as follows:

Years ending June 30:		
2022	\$	2,155,371
2023		18,205
2024		18,946
2025		669,864
	\$	<u>2,862,386</u>

Note 8. Pledges Receivable

The following summarizes pledges receivable:

	<u>2021</u>	<u>2020</u>
Amount due:		
Up to one year	\$ 4,382,956	\$ 1,427,933
One year to five years	<u>1,510,160</u>	<u>1,885,318</u>
	<u>\$ 5,893,116</u>	<u>\$ 3,313,251</u>

BERGEN PERFORMING ARTS CENTER, INC.

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

Note 9. Investments

The following is a summary of investments for the years ended June 30:

		2021				
		<i>Fair Value Measurements at Reporting Date Using</i>				
		<i>Quoted Prices in Active Markets for Identical Assets (Level 1)</i>	<i>Significant Other Observable Inputs (Level 2)</i>	<i>Significant Unobservable Inputs (Level 3)</i>		
<i>Total</i>	<i>Total</i>					
Money market	\$	307				
Equities		33,220				
Total	\$	33,527	\$	-	\$	-

		2020				
		<i>Fair Value Measurements at Reporting Date Using</i>				
		<i>Quoted Prices in Active Markets for Identical Assets (Level 1)</i>	<i>Significant Other Observable Inputs (Level 2)</i>	<i>Significant Unobservable Inputs (Level 3)</i>		
<i>Total</i>	<i>Total</i>					
Equities	\$	16,120	\$	16,120	\$	-
Total	\$	16,120	\$	16,120	\$	-

BERGEN PERFORMING ARTS CENTER, INC.

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

Note 10. Property and Equipment

Property and equipment consists of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Land	\$ 227,047	\$ 227,047
Building and improvements	3,410,884	3,292,036
Equipment	1,332,794	1,288,594
Furniture and fixtures	130,270	130,270
	<hr/>	<hr/>
	5,100,995	4,937,947
Less: Accumulated depreciation	1,969,400	1,838,704
	<hr/>	<hr/>
	\$ 3,131,595	\$ 3,099,243

Depreciation expense was \$130,696 and \$130,696 for the years ended June 30, 2021 and 2020, respectively.

Note 11. Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

BERGEN PERFORMING ARTS CENTER, INC.

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

Note 11. Fair Value Measurements (Continued)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Note 12. Liquidity and Availability of Financial Assets

Operating liquidity comes from performance, contracts and contributions. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization monitors its liquidity so that it is able to meet its operating needs while maximizing the investment of any of its excess operating cash. The following reflects the Organization's financial assets as of June 30, 2021 reduced by amounts not available for general use. The following represents the Organization's financial assets that are available to meet general expenses over the next year:

Cash and cash equivalents	\$	3,333,885
Accounts receivable, net		388,101
Pledges receivable, net current		4,382,956
	<u>\$</u>	<u>8,104,942</u>

Note 13. Note Payable, Paycheck Protection Program (PPP) Loan

The Organization was granted a loan for \$529,265 pursuant to the PPP for the 2nd year. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act, provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels during a covered period, which can range from eight to 24 weeks (at the election of the recipient) after receipt of the PPP funds. The amount of loan forgiveness may be reduced if the borrower terminates employees or reduces salaries during the period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. \$482,252 of the previous year's PPP loan was forgiven during fiscal year ending June 30, 2021.

Note 14. Subsequent Events

ASC 855-10, *Subsequent Events*, define further disclosure requirements for events that occur after the statement of financial position date but before financial statements are issued.

The Organization's services and revenue had been disrupted and there was a material adverse impact on the Organization's financial position, operations and cash flows due to the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19), which was declared a pandemic by the World Health Organization in March 2020.

The Organization recognizes the effects of subsequent events that provide additional information about conditions that existed at the date of the statement of financial positions. In accordance with ASC 855-10,

BERGEN PERFORMING ARTS CENTER, INC.

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

Note 14. Subsequent Events (continued)

Management has evaluated events subsequent to June 30, 2021 through February 17, 2022, the date the financial statements were available to be issued, for matters that would require disclosure or adjustment to the financial statements. Subsequent to year end, the Organization was notified that its 2nd \$529,265 PPP loan was forgiven in full. The Organization collected a \$3,206,132 Shuttered Venue Operators Grant (SVOG) from the U.S. Small Business Administration in July, 2021. The Organization was awarded and collected a supplemental SVOG in the amount of \$1,867,698 in October, 2021.



DAVISKELLY CERTIFIED
PUBLIC
ACCOUNTANTS
CREATING VALUE FROM NUMBERS

***Independent Auditors' Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards***

To the Board of Trustees
Bergen Performing Arts Center, Inc.
Englewood, New Jersey

We have audited the financial statements of Bergen Performing Arts Center, Inc. as of and for the year ended June 30, 2021, and have issued our report thereon dated February 17, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Bergen Performing Arts Center, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Bergen Performing Arts Center, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Bergen Performing Arts Center, Inc.'s internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weakness, as defined above.

*A Certified Women-Owned Business Enterprise
in the Commonwealth of Massachusetts and City of New York
4238 Washington Street, Suite 307, Boston, Massachusetts 02131
687 West 204th Street, New York, New York 10034
Member, American Institute of Certified Public Accountants
Member, Association of Fraud Examiners
www.daviskellycpas.com*

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bergen Performing Arts Center, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the Organization, and the Board of Trustees and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

DavisKelly LLC

New York, New York
February 17, 2022